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Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, DC 20554

AUG 20 2001

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

In the Matter of

Federal-State Joint Board on
Universal Service

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CC Docket No. 96-45

COMMENTS OF WORLDCOM, INC.

I. Introduction

Pursuant to the Common Carrier Bureau's (Bureau) request that interested parties update the record with regard to petitions for reconsideration filed in response to the Commission's First Report and Order in the above reference docket,¹ WorldCom, Inc. (WorldCom) hereby submits the following comments.

WorldCom filed a Petition for Reconsideration and Clarification (Petition) in the above-referenced docket on July 17, 1997.² In that Petition, WorldCom asked the Federal Communications Commission (Commission) to reconsider or clarify nine issues. Due to intervening events, WorldCom requests that the Commission reconsider its rules with regard to only one of those issues.

II. Comments

As WorldCom discussed in its Petition, the Commission should amend its rules so that, in all states, potential Lifeline customers are required to provide independent verification that they are eligible to receive Lifeline and Link Up assistance.³ Currently,

¹ See Public Notice, CC Docket No. 96-45, DA 01-1647 (rel. July 11, 2001).

² See *In the Matter of Federal-State Joint Board on Universal Service*, CC Docket No. 96-45, Petition for Reconsideration and Clarification, MCI Telecommunications Corporation, dated July 17, 1997.

³ Petition at 8-10.

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consumers in states that do not participate in the Federal Lifeline program are permitted to “self-certify” their eligibility.⁴ Consumers in states that do participate in the Federal Lifeline program are subject to their particular state’s rules regarding eligibility verification.⁵ The Commission should amend its rules to require eligible telecommunications carriers in states that do not participate in the Federal Lifeline program to obtain from customers independent eligibility verification (e.g., a copy of a food stamp coupon) in order for those customers to receive Lifeline and Link Up assistance. Similarly, the Commission should require state regulatory agencies in states that do participate in the Federal Lifeline program to mandate that customers provide independent eligibility verification in order to receive Lifeline and Link Up assistance. Neither self-certification nor no-certification should be permitted, as these methodologies could increase fraud and abuse, which would lead to an unnecessary increase in the size of the universal service support mechanism. This would ultimately burden all customers, including those of moderate means. As an example of how self-certification can impact the size of the universal service fund, California permits customers to self-certify, and it receives approximately 55 percent of all federal low-income support dollars,⁶ even though its population is only 13.3 percent of the total U.S. population.⁷ WorldCom is concerned that if other states implement a program similar to California’s and the “take-rate” is the same as in California (i.e., 122 percent of all households receiving means-tested cash or non-cash assistance), the size of the low-income support mechanism could increase three-fold. This type of growth, in combination with other possible increases in

⁴ Universal Service Order at para. 377.

⁵ Universal Service Order at para. 376.

⁶ www.universalservice.org/li; May 2, 2001: Quarterly Filing Released, Appendix LI 6, page 1, May 2, 2001.

the fund,⁸ is not sustainable. WorldCom supports wide participation in the universal service low-income programs, but only if the Commission places controls on verification of program-eligibility so that the program does not expand improperly. WorldCom therefore requests that the Commission reconsider its rule regarding certification of eligibility for Lifeline and Link Up assistance and require independent verification of Lifeline and Link Up eligibility in all states.

III. Conclusion

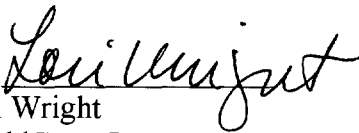
For the reasons discussed above, the Commission should require eligible telecommunications carriers in states that do not participate in the Federal Lifeline program to obtain from consumers independent, verifiable proof of eligibility for Lifeline and Link Up assistance. In states that do participate in the Federal Lifeline program, the Commission should require that state regulatory agencies mandate independent, verifiable Lifeline and Link Up eligibility. Self-certification or no-certification should not be permitted. WorldCom withdraws its request for reconsideration or clarification of the other issues raised in our Petition.⁹

⁷ Population Reference Bureau, 2000 United States Population Data Sheet, Section 1, Resident Population, 1999 & 2015.

⁸ *See In the Matter of Federal-State Joint Board on Universal Service*, WorldCom Comments, filed June 25, 2001, at p. 9, note 14 (discussing current proposals that would increase the size of the universal service fund).

⁹ Specifically, WorldCom withdraws its request, as articulated in its Petition, that the Commission find or clarify that: a single cost model be used to set federal support for all states; ILECs must reduce interstate access charges by an amount equal to federal universal service support; a specific time-frame be established for determining universal service support for rural carriers; states not be permitted to include carriers' interstate and international revenues in determining assessments for state funds; SLCs should be allowed to rise, subject to their existing caps, to reflect the LECs' universal service assessments; eligible telecommunication carriers should not be permitted to not disconnect Lifeline service for non-payment of toll charges; carriers be permitted to use the word "surcharge" in end-user bills; and the use of loops with

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load coils be permitted if it is the low-cost forward-looking technology for provision of modem-capable voice grade loops.